

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Real Estate (P. Mouchakkaa)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
5%	Core Industrial Sector Performance	Excess returns in basis points of the Total Core Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter)	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Office Sector Performance	Excess returns in basis points of the Total Core Office Portfolio return before fees versus the Disaggregated NCREIF Office Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Retail Sector Performance	Excess returns in basis points of the Total Core Retail Portfolio return before fees versus the Disaggregated NCREIF Core Retail Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Multi-Family Sector Performance	Excess returns in basis points of the Total Core Multi-Family Portfolio return before fees versus the Disaggregated NCREIF Core Multi-Family Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
20%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio return before fees versus the Disaggregated NCREIF Total Performance, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
10%	Global REITs	Excess returns in basis points of the Total Global Public Real Estate Equity Securities Return (SN2KA1) versus the equity FTSE EPRA NAREIT Global Total Return Real Estate Index (TEO).	-10 basis points = 0 +10 basis points = 1.0 +30 basis points = 1.5

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Quantitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
35%	Non-Core Portfolio Performance	Total Non Core portfolio return (excluding REITS) before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2009 (returns lag one quarter, 20% weight).	0 basis points = 0 +100 basis points = 1.0 +150 basis points =1.5
		Total Housing portfolio performance before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2009 (returns lag one quarter, 15%).	0 basis points = 0 +200 basis points =1.0 +300 basis points =1.5
85%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans’. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process <ul style="list-style-type: none"> ▪ By 12/1/08 begin the individual 360 feedback survey assessment process. ▪ By 2/1/09 identify one to two areas of personal development. ▪ By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> ▪ By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. ▪ By 12/31/08, participate in a cultural reinforcement session with the Investment Office. ▪ By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. ▪ By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> ▪ Serve on at least one external board or committee; or ▪ Conduct at least one presentation at conference or similar event; or ▪ Write an article. 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	